be replied: Expansion of bank credit in the United States has been made *possible* on a large scale mainly by the reduction in the reserve requirements of our commercial banks, the net acquisition by our banks of a round billion dollars in gold, and the economy of lawful money in connection with the operations of the federal reserve banks. The easy availability of bank accommodation prompted and enabled entrepreneurs to bid higher and higher—frequently against one another—for materials and labor employed in producing goods for which there existed a wartime demand. Psychological, technological, and other factors underlay the fact and determined the volume of production and exchange, but the supply of money and credit in relation to the exchanges to be made, conditioned the price level at which those exchanges were made.

Is not Dr. Anderson's belief that prices will "come down again" based on a confusion of two kinds of bank credit expansion: one seasonal or cyclical, and elastic as, for example, the expansion of Canadian bank notes in the crop-moving season; the other, out of the ordinary, relatively permanent and essentially non-recurrent, and traceable, as it were, to a lengthening of the line, and not to elasticity therein. The federal reserve system gave us an elastic and also longer tie to our wind-tossed balloon of credit. Every reduction in reserve requirements and every million dollars added to our reserve tends to unwind the elastic line. Price recessions may be expected, but they will be from a new and higher level.

To those who adhere to the "quantity theory" in its twentieth century form, Dr. Anderson's explanation of the wartime rise in prices seems one-sided and inadequate; by the members of his own school of price philosophy the same feature will be otherwise regarded. That the work is well documented, well proportioned, and highly wrought, even brilliantly done, is, at any rate, not to be gainsaid.

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Papers on Current Finance. By H. S. Foxwell. (London: Macmillan and Company. 1919. Pp. 280. 10s.)

This volume brings together with little alteration and in very acceptable form seven exceedingly interesting articles and addresses spread over the period 1909-1917, but relating either to problems raised directly by the war or to questions to which the

war has brought a new and urgent interest. An appendix reproduces a paper of 1888, "The growth of monopoly, and its bearing on the functions of the State"; also a letter dated February, 1918, advocating "fixed exchange within the empire."

The first paper of the volume, "British war finance," deals critically with the crisis of 1914 and the financial emergency measures that it evoked, and recommends the later-adopted method of continuous borrowing, cites French experience in its support, protests against extravagance and waste in both private and public expenditure, and urges heavy taxation.

The next two papers are concerned with the problem of financing trade and industry, particularly after the war. In the first of these, fitly called, "The nature of the industrial struggle," some of the outstanding developments of modern business competition are clearly indicated, notably the trend towards larger industrial organizations as a defense against predatory forms of trade activity. "The contrast between war and peace is greatly exaggerated. What is vaguely called competition turns out on closer examination to be a struggle of force." The nature of the industrial struggle made plain, the question becomes one of finance, and "The financing of industry and trade" (IV), stresses the desirability of a closer touch between the financial, as distinguished from the banking institutions, and British industries.

"The banking reserve" (V) deals with the inadequacy of the English position and proposes the establishment of a system of triple reserves: one, that of the Bank of England, to be used as formerly; another, for use in emergencies, and then only upon the payment of a progressive tax, would be made up by contributions from the banks; and still another built up at the expense of the state, would be kept for use in time of war or extraordinary crisis. "The American crisis of 1907" is paired with the paper on reserves, on the ground that the crisis of that year illustrates the importance of the reserve question, and the subject is treated almost wholly from that point of view.

The burden of "Inflation: in what sense it exists; how far it can be controlled" (VII), an address delivered in 1917, is that the foreign exchanges do not prove currency depreciation, that gold depreciation was scarcely more marked in England than in the United States, that high prices resulted from the enormous expenditure of the government, and could be checked only by cutting away from the gold standard.

Of all the papers, the force of that on inflation alone has been broken by later events. The decline of 20 per cent in our sterling rates, the bold emergence of a high premium on gold in England, and the further rise in prices after the armistice are all of a nature to suggest a reconsideration of the analysis given in the concluding paper. But Professor Foxwell himself tells us the address on inflation "was designedly prepared to start a discussion," and may have contained "undue emphasis or bias." He has forestalled criticism.

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NEW BOOKS

BENDIXEN, F. *Währungspolitik und Geldtheorie im Lichte des Weltkrieges.* (Munich: Duncker & Humblot. 1919. Pp. 181. 8 M.)

BONZON, J. *La fuite de l'argent français, essais de politique financière.* (Paris: Figuière. 1919. Pp. 250. 4.50 fr.)

BOUBLIKOFF, A. A. *The recovery of the Russian monetary system.* (New York: Youroveta Home & Foreign Trade Co. 1918. Pp. 27.)

BURTON, T. E. and SELDEN, G. C. *A century of prices.* (New York: Mag. of Wall St. 1919. Pp. 108. $2.)

The first four chapters—Prices as an index of economic and investment conditions, Great economic forces since 1790, What American commodity prices show, and Causes of changes in interest yields and money rates—are by Mr. Burton; the fifth, Principles of stock prices, by Mr. Selden. Mr. Burton's rapid but clear survey of prices is illustrated by graphs of prices, English commodities, and English consols, since 1790. So in the chapter on American prices there is a graph of commodities covering the period since 1845, and for corporation bond yields since 1860.

COMPTON, W. *The value of the lumber dollar. Will the present level of lumber prices be lasting?* (Chicago: Nat. Lumber Mfrs. Assoc. 1919. Pp. 19.)

FERRIN, A. W. *Chinese currency and finance.* Special agents series, no. 186. (Washington: Bureau of Foreign & Domestic Commerce. 1919. Pp. 57.)

FISHER, I. *Stabilizing the dollar.* (New York: Macmillan. 1920. Pp. xi, 305. $3.50.)

FISKE, A. K. *The modern bank.* (New York: Appleton. 1919. Pp. 341.)

The outstanding difference between this edition and the first is the inclusion of a chapter on the federal reserve system. In this chapter stress is laid on such features of the system as have involved